



# **Workshop on Trade Logistics Development**

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# Overall Summary

- Establishment of competitive corridors across CAREC region
- Facilitation of efficient movement across borders
- Development of sustainable, safe, and user-friendly transport and trade networks
- Focus is on
  - regional and sub-regional economic co-operation
  - trade and investment co-operation and integration
  - co-operation in regional public goods (eg roads and rail)
  - co-operation in trade logistics coordination and operations

# Trade logistics – Definition recall

- Providers of a range of services such as
  - multimodal transport
  - import and export documentation
  - customs brokerage, and other value added services
- Trade logistics under-developed in CAREC region constraint to regional trade and economic development.
- CAREC region presents specific challenges in trade logistics development both from demand and supply sides given its history, economic structure, terrain, landlocked-ness, transport infrastructure, institutional development, and general legal, regulatory and business climates.

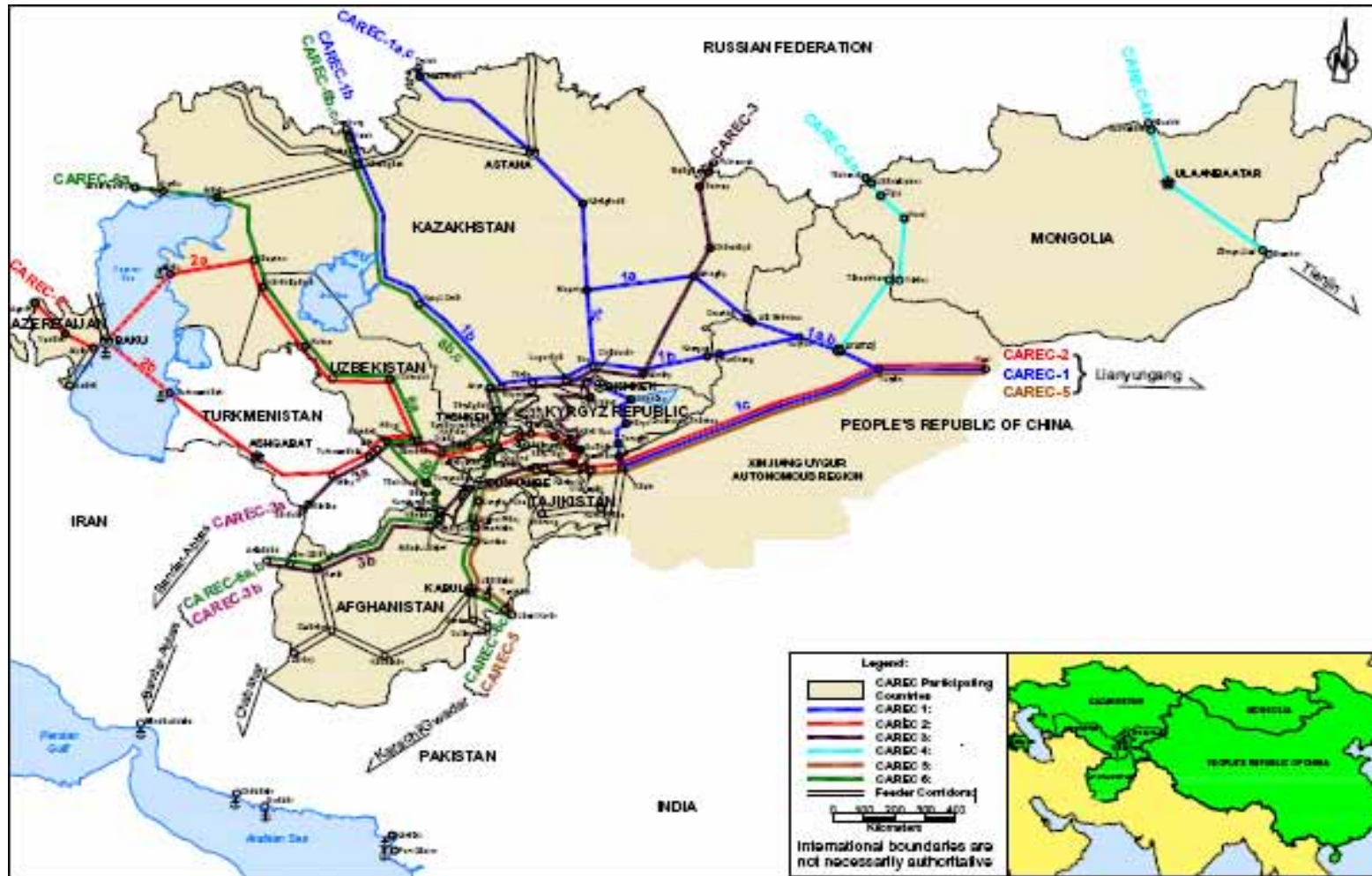
# Transport & Trade Corridors

Transport and Trade corridors have 3 dimensions:

1. Physical infrastructure (transport, logistics, and customs)
2. Logistics services
  - Logistics is that part of supply chain process that plans, implements, and controls flow and storage of goods, services, and information from point of origin to point of consumption.
  - Freight logistics services classified as **core** (cargo handling, storage and warehousing, freight transport agencies, support services), **related** (waterways/air/rail/road transport postal and courier, technical testing and analysis, commission agents, wholesale trade, retailing), and **non-core** (packaging, management consulting, real estate, computer and related services, data and message transmission, leasing and rental of logistics equipment).
3. Customs and other trade/transport regulations & procedures

# CAREC Corridors

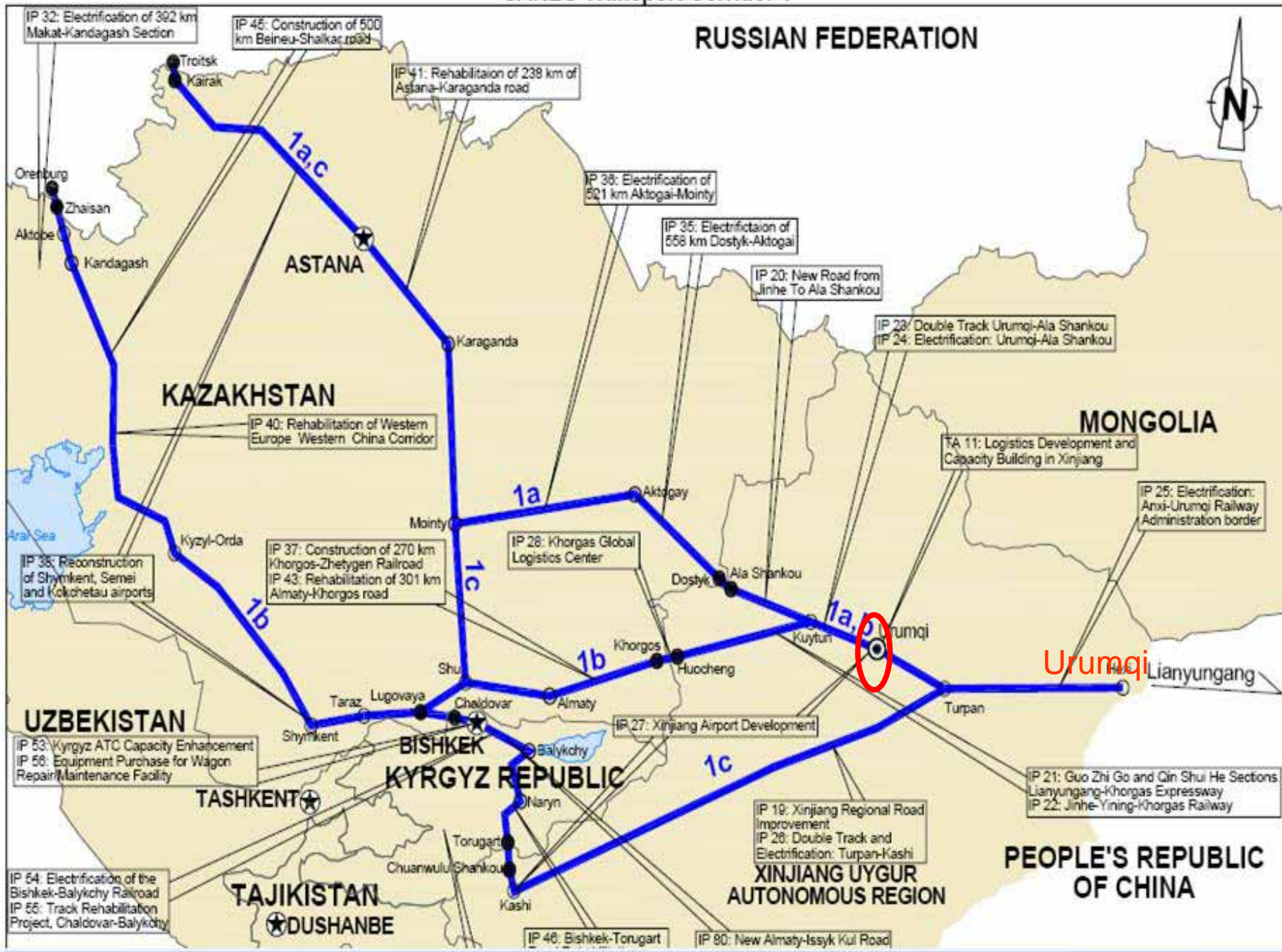
- CAREC 1:  
Europe – East Asia
- CAREC 2:  
Mediterranean – East Asia
- CAREC 3:  
Russian Federation – Middle East and South Asia
- CAREC 4:  
Russian Federation – Xinjiang Uygur Autonomous Region



CAREC 5: East Asia – Middle East and South Asia  
 CAREC 6: Europe – Middle East and South Asia

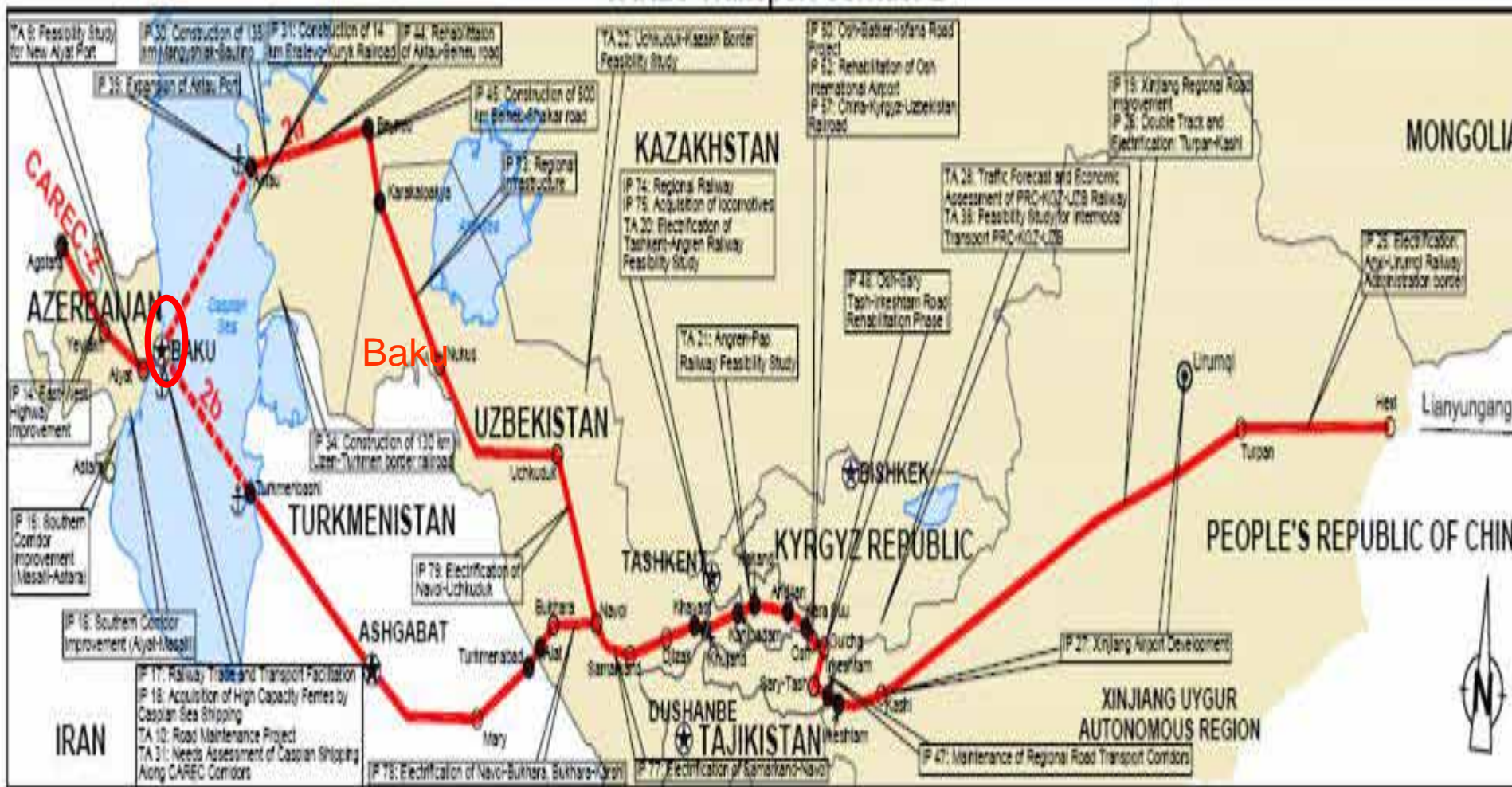


# CAREC Transport Corridor 1



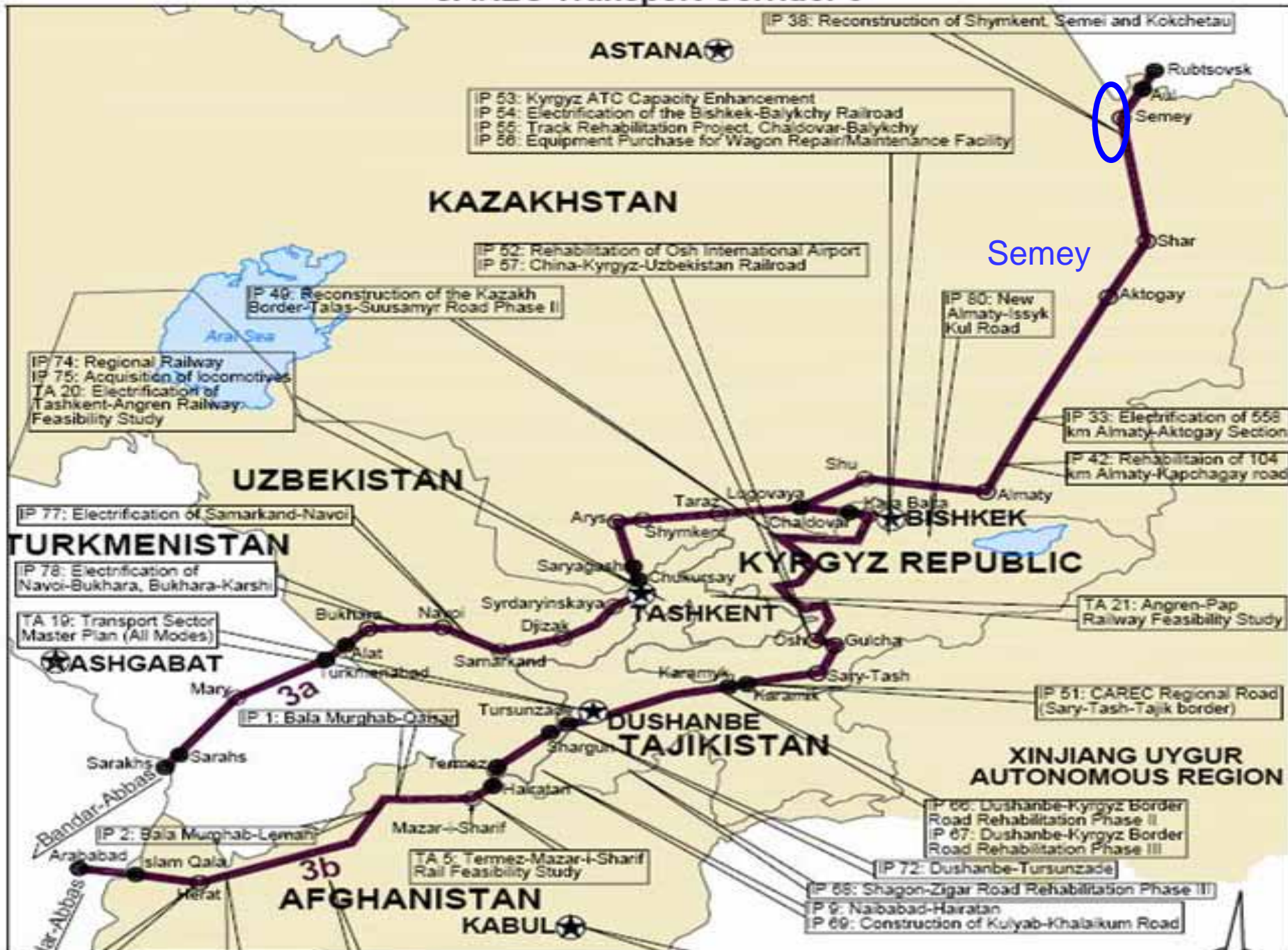


## CAREC Transport Corridor 2



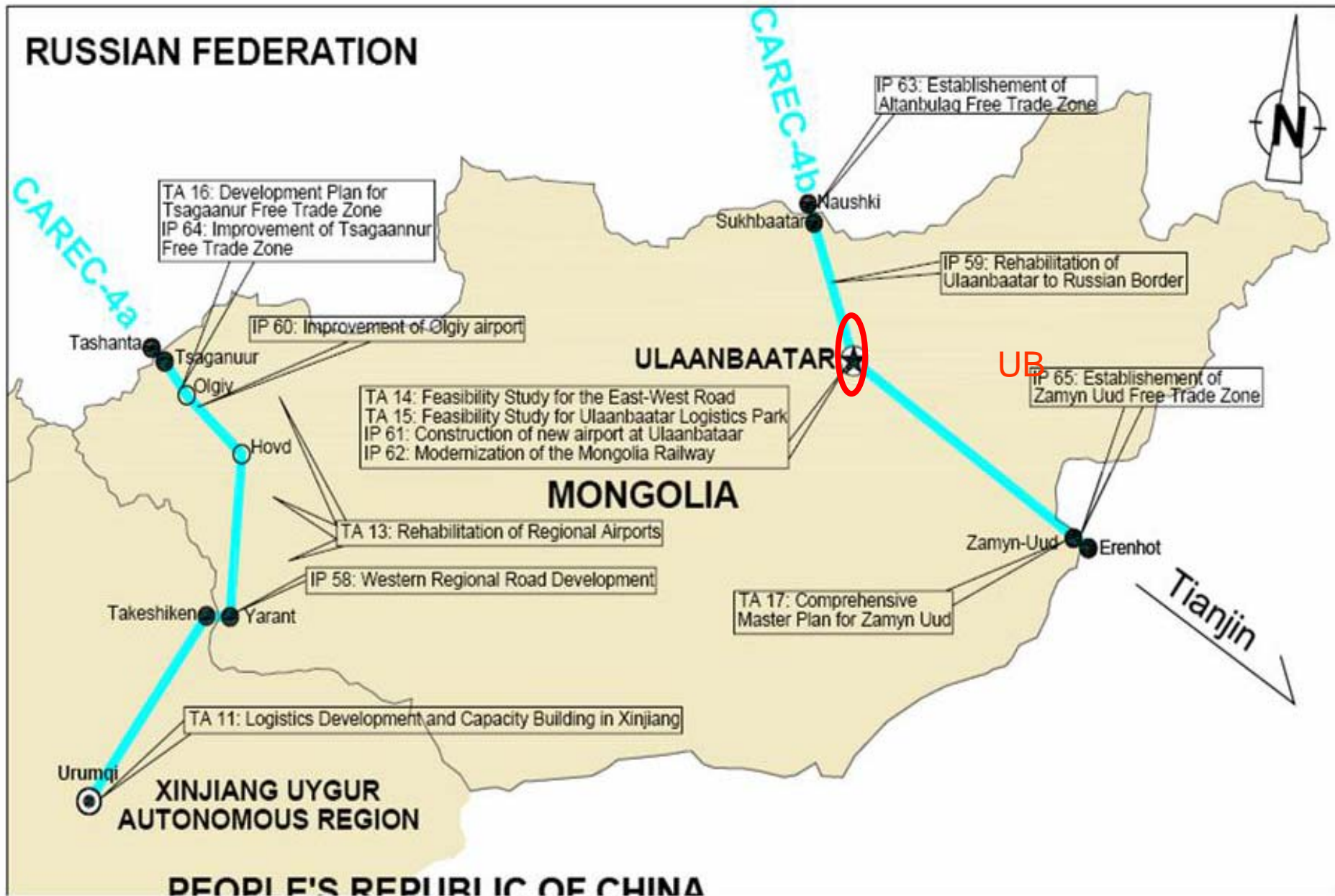


# CAREC Transport Corridor 3

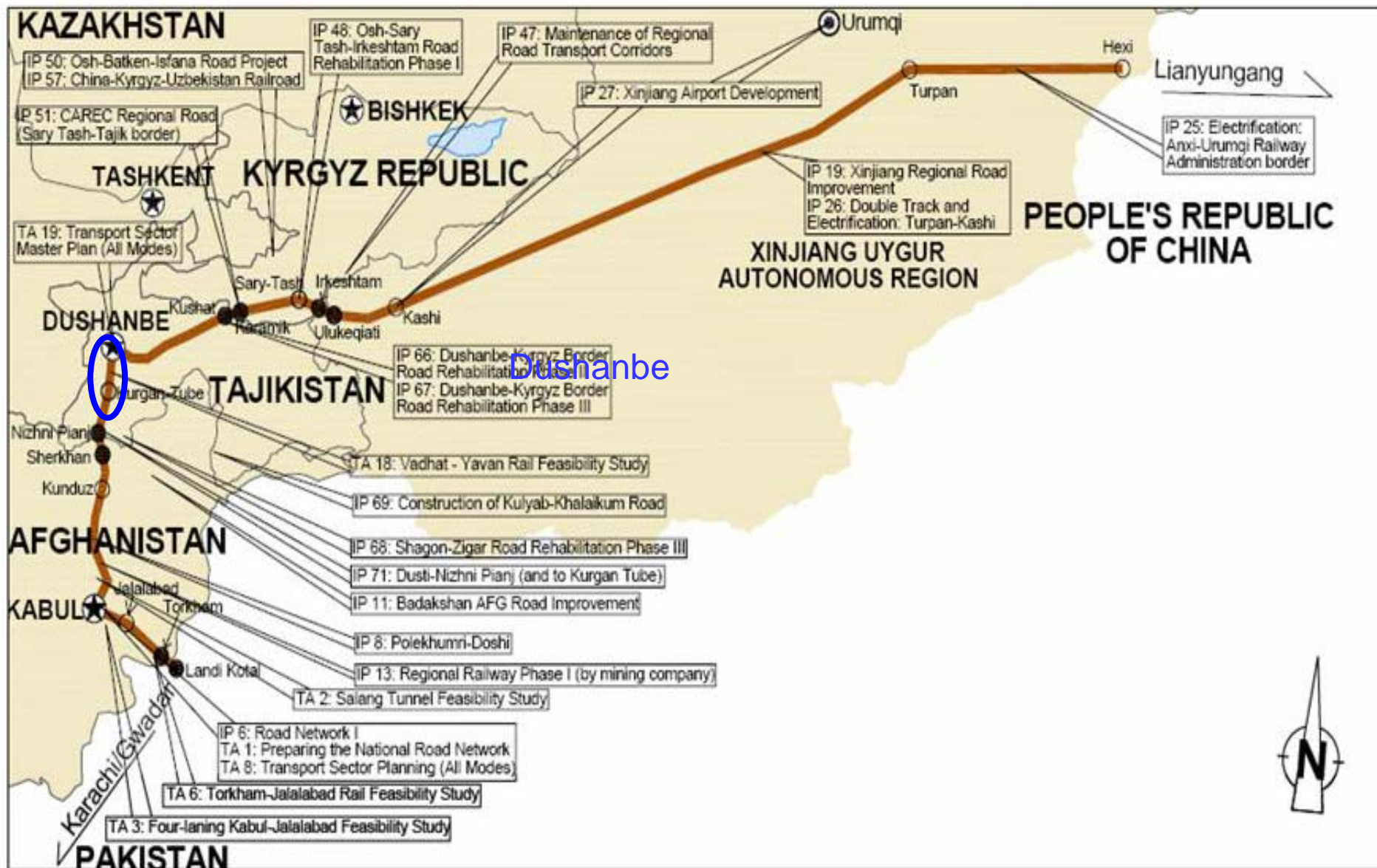




## CAREC Transport Corridor 4



## CAREC Transport Corridor 5





# CAREC Transport Corridor 6





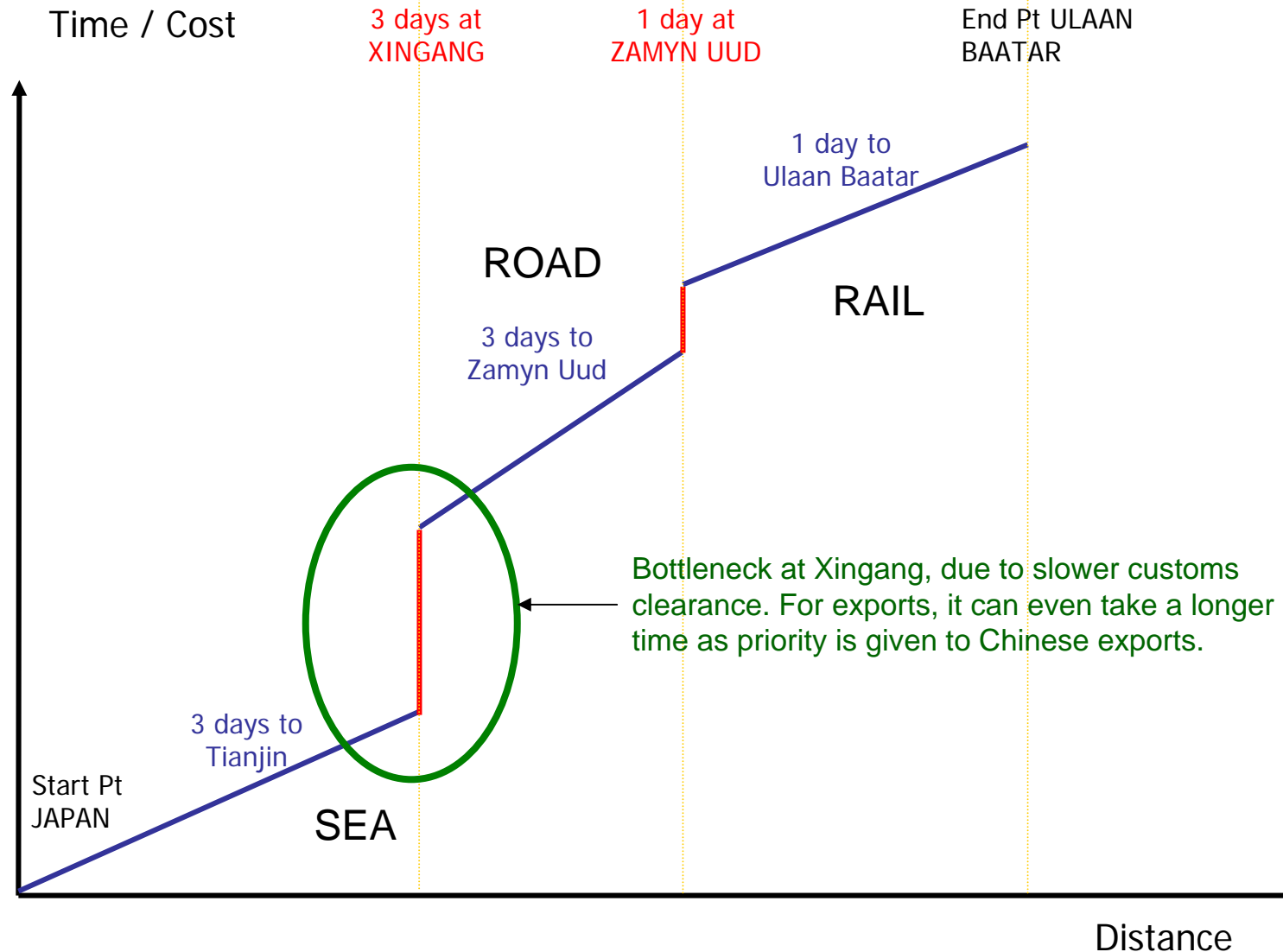
# Time-cost data for EXIM (2006)

	Export			Import		
	Docs (no)	Time (days)	Cost (\$/TEU)	Docs (no)	Time (days)	Cost (\$/TEU)
Afghanistan	7	66	2500	11	88	2100
Azerbaijan	7	69	2275	18	79	2575
Kazakhstan	14	93	2780	18	87	2880
Kyrgyzstan	...	...	...	18	127	3032
Tajikistan	14	72	4300	10	44	3550
Uzbekistan	10	44	2550	18	139	3970
EU-25 mean	5	12	940	7	15	999
USA	6	9	625	5	9	625
Singapore	5	6	382	6	3	333
Global mean	7	28	1192	10	34	1408

Source: World Bank doing business database

# Time-Cost Distance Profile (Japan to Mongolia)

## Example : External Customs Issues (MON, PRC)



# Common Key Issues

Category	Issues
Physical infrastructure	P1. Weak physical infrastructure
	P2. Enclaves and criss-cross of borders
	P3. Compatibility of rail gauges
Institutions / policies	P4. Cumbersome border regulations
	P5. Border post problems
	P6. Slow/ incomplete implementation of agreements
	P7. Official and unofficial facilitation
Process / operations	P8. Too many LSPs with outdated equipment
	P9. Unorganized and fragmented SME LSPs
	P10. Low productivity
	P11. Financial constraints due to high capital needs
	P12. Shortage of logistics professionals and know-how
	P13. Outdated ICT applications
	P14. Weak regulation of freight forwarders



# What we have and will continue to hear ...

- Old equipment, obsolete facilities, ill-equipped centres
- What is real time needed to clear borders (cost to serve?)
- Matching links (gauges) with service nodes
- Embrace of modern practices – e-sealing of containers, stuffing and unstuffing
- How to find path of least resistance (slide 20) 72 vs 93 days
- 50% time spent waiting (slide 21) – time to value
- Cost of backflow – visa for trucks and drivers (international/regional recognition)
- Last mile escort – rationale and cost, 100% INSPECTION
- Lack of harmonisation of customs reports / climatic barriers
- Clear communications before hand
- Transparency of rules and immature financial sector
- Cost of carriage per day (\$25-60/day/box move), high cost of insurance
- Vicious circle – high cost to serve and low time to value
- Too many platforms, no seamless link to private sector

# **Recommendation I : Strengthen Transport Network**

- Identify artery of regional transport network
- Construct new highways/ roads
- Upgrade key / critical roads
- Build double track or electrification of railways where needed
- Build logistics centres, cargo terminals and multi-modal hubs along key nodes in supply / value chain

# **Recommendation II: Reform Institutional Policies**

- Develop integrated regional transport infrastructure plan
- Establish overall coordination committee for 5-year plan
- Resolve conflicting agreements or customs procedures at working group level
- Standardize and simplify documentation requirements to reduce regulatory burden on trade
- Harmonize operating hours of customs / borders
- Liberalize financial services sector
- Reform transport and logistics industry through education and certification



## **Recommendation III: Build Capabilities**

- Grow sector attractiveness
- Invite management expertise and talent
- Formalise transport / logistics training curriculum
- Promote workflow automation through IT
- Reduce steps in workflow through streamlining and simplification
- Adopt new generation technology (gamma scanners) at border posts
- Practise modern risk management techniques to reduce inspection time and cost at border controls

# Private-Public Partnerships

	Public	Private
“hard” (physical) infrastructure	Roads, rail, ports, FTZ	Logistics centres, multi-modal centres, cargo terminals, ICDs
“soft” (policies and initiatives) infrastructure	Single electronic window, financial services, customs and land use reforms, industry incentives, consultative councils	Training and development, new logistics services (VAS), ICT applications (tradenet, e-port)

# Infrastructure

- Natural link with trade and investment
- Hard
  - Cross border infrastructure improvement and modernisation
  - Logistics hubs, multi-modal transport systems
- Soft
  - Trade facilitation, standard export template
  - Customs reform, modernisation and harmonisation (USD 22.75 million customs project for Krgyz Republic and Tajikistan to develop unified automated information system (UAIS) for customs services and customs cross border post infrastructure (ADB input USD 18.2 mil)
  - Consultative councils, regional logistics committee



# Logistics Sector Issues

- Accelerate transport infrastructure development to world class
- Need for permanent and robust regulatory reforms to assist growth of sector e.g. reduction of documentation
- Ease of trade facilitation to match global best practice eg one stop shop for logistics and trade clearance
- Finance, policy, institutional
- Development constraints
  - Market demands, containerization, multimodal, transit system
  - Regional bilateral logistics cooperation issues

# Strategic Architecture for XUAR

	National Level Initiatives (NLI)	District Level Initiatives (DLI)	Private Enterprises Initiatives (PEI)
Policy	1. Adoption of TIR	3. Developing the Logistics Industry	
	2. Customs Cooperation		
Infrastructure		4. Development & Implementation of Strategic Masterplan for Logistics Centres	
		5. Upgrading of Border Posts & Modernizing of Distribution & Warehouse Facilities	
Operations	6. Test-bed Market Pricing (for Rail)	9. Constructing an Inland Container Terminal	
	7. Promote Containerization	10. Strengthen PRC-CAR Dispute Settlement Channels	
	8. Establish Dedicated Inland Container Services to Horgos	11. Establish Logistics Information Exchange	
		12. Develop Value-added Industries	
HRD	13. Public Awareness Campaigns		16. Institutional Alliances
		14. Manpower Conversion Program	
		15. Industrial Attachments	

# Moving forward ...

- On going journey – need clear rollout plan
- Need clear focus on timelines and actionables
- Need SMART orientation (specific, measurable, achievable for all, realistic to all, and time definite)
- Need greater private-public partnership participation in key logistics gateways projects especially distribution centres, inland container depots for faster technology transfer and knowledge building through foreign LSPs
- Greater capacity building i.e. strengthen institutions and build training activities for growth especially in human capabilities and local LSPs (the SMEs)
- Need multi track, multi speed framework involving technical, regulatory and financial partners